

UNIFIED SCHOOL DISTRICT NUMBER 367
Osawatomie, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2018

Unified School District 367
Osawatomie, Kansas

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 367
Osawatomie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 367, Osawatomie, Kansas, as of and for the year ended June 30, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note C; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note C of the financial statement, the financial statement is prepared by the Unified School District Number 367, Osawatomie, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 367, Osawatomie, Kansas as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 367, Osawatomie, Kansas as of June 30, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Other Matters - Supplementary Information

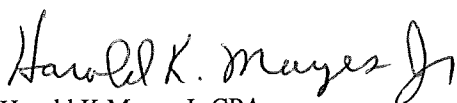
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, and schedule of regulatory basis receipts and expenditures-district activity funds (Schedule 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative

The 2017 actual column presented in the individual fund schedule of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2018 basic financial statement upon which we have rendered an unmodified opinion dated March 30, 2019. The 2017 basic financial statement and our accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2017 comparative information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or the 2017 basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting describe in Note C.



Harold K Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
March 30, 2019

Unified School District Number 367
Osawatomie, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended June 30, 2018

	<u>Beginning Unencumbered Cash Balances</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>
Governmental type funds			
General Funds			
General	\$ 510	\$ 0	\$ 9,405,446
Supplemental general	64,980	0	3,292,137
Special Purpose Funds			
Adult education	0	0	58,161
Adult Supplementary Education	1,886	0	624,449
At risk - 4 year old	0	0	50,000
At risk - K-12	0	0	1,500,000
Capital outlay	294,853	0	638,802
Driver training	3,232	0	19,611
Food service	3,137	0	800,933
Professional development	10,791	0	23,957
Parent education program	0	0	19,755
Special education	189,401	0	3,453,405
KPERS special retirement contribution	0	0	862,653
Vocational education program	344	0	158,073
Gifts & grants	23,542	0	280,262
Carl Perkins grant	0	0	10,428
Contingency reserve	200,000	0	200,000
Textbook & student materials	172	0	50,986
Title I	0	0	344,549
Title II A - teacher quality	0	0	45,303
Fees and user charges	81	0	54,506
Gate receipts	340	0	34,273
Recreation Commission	0	0	51,941
Kansas reading roadmap	(2,272)	0	27,110
Bond & Interest Fund			
Bond and interest	734,644	0	1,449,778
Capital Projects Fund			
Construction	0	0	0
Business Fund			
Health Insurance	423,181	0	970,888
Trust Funds			
Expendable Scholarship & other trusts	246,219	0	(3,392)
Permanent Scholarship & other trusts	<u>1,314,638</u>	<u>0</u>	<u>(11,879)</u>
Total reporting entity (excluding agency funds)	\$ <u>3,509,679</u>	\$ <u>0</u>	\$ <u>24,412,135</u>

Composition of ending cash

Demand Deposits, Money Markets & certificates of deposit

First Option Bank \$ 3,628,731

Composition of ending cash - continued

Time Deposits

Edward Jones \$ 55,286

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 9,405,928	\$ 28	\$ 423,103	\$ 423,131
3,357,117	0	8,197	8,197
57,462	699	2	701
622,939	3,396	5,305	8,701
50,000	0	10,514	10,514
1,500,000	0	143,887	143,887
684,250	249,405	0	249,405
19,766	3,077	0	3,077
797,991	6,079	13,251	19,330
25,648	9,100	0	9,100
19,755	0	0	0
3,494,720	148,086	480	148,566
862,653	0	0	0
157,926	491	26,520	27,011
225,056	78,748	0	78,748
10,428	0	0	0
400,000	0	0	0
50,959	199	0	199
344,549	0	52,623	52,623
45,303	0	13,691	13,691
52,605	1,982	0	1,982
34,613	0	0	0
42,063	9,878	0	9,878
24,838	0	0	0
1,361,234	823,188	0	823,188
0	0	0	0
980,628	413,441	74,049	487,490
9,050	233,777	0	233,777
39,736	1,263,023	0	1,263,023
<u>\$ 24,677,218</u>	<u>\$ 3,244,597</u>	<u>\$ 771,622</u>	<u>\$ 4,016,219</u>

Composition of ending cash - continued

Governmental investments

Edward Jones \$ 437,420

Total cash

and investments \$ 4,121,437

Less Agency funds

Per Schedule 3 105,218

\$ 4,016,219

The accompanying notes are an integral part of this statement.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 367 is a municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements include all the accounts for which the District is considered to be financially accountable. The District has no component units.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potentially could have the following types of funds.

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or in part by fees charged to users of goods or services (i.e. enterprise and internal service funds, etc.).

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

Unified School District Number 367, Osawatomie, Kansas has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds, capital projects fund, business fund and trust funds:

Gifts & Grants	Carl Perkins	Contingency Reserve	Textbook & student materials
Title I	Title IIA – teacher quality	Kansas Reading Roadmap	
Construction	Health Insurance		

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE E. DEPOSITS AND INVESTMENTS – Continued

In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The District rates investments (if any) as noted below.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2018.

At June 30, 2018, the carrying amount of the District's bank deposits was \$3,628,731 and the bank balance was \$3,603,591. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,353,591 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured. The rating of the District's investments is noted below. Fair values are based upon quoted market values as of June 30, 2018. As of June 30, 2018, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value *</u>	<u>Investment Maturities</u> <u>(in Years)</u>		<u>Rating</u>
		<u>1-2</u>	<u>2+</u>	
Edward Jones Fixed Income Investments	\$ <u>492,706</u>	\$ <u>55,286</u>	\$ <u>437,420</u>	AAA
Total	\$ <u>492,706</u>	\$ <u>55,286</u>	\$ <u>437,420</u>	

*Changes in market value are adjusted at June 30, 2018.

Interest Rate Risk – Per Kansas statutes, maturities of investments shall not exceed two years. A majority of the District's investment maturities are greater than 5 years.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2018, is as follows:

**Unified School District Number 367
Osawatimie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE E. DEPOSITS AND INVESTMENTS – Continued

<u>Investments</u>	<u>Percentage of Investments</u>
Edward Jones	100%

NOTE F. LONG-TERM DEBT

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds:				
Refunding Series 2005 B	5.25%	04/14/05	580,000	09/01/2017
Refunding Series 2012 A	3.00% to 3.50%	03/15/12	4,475,000	09/01/2025
Series 2013 A	2.00% to 5.00%	07/16/13	4,015,000	09/01/2028
Capital Leases:				
Ozone Equipment	3.25%	5/19/2014	86,800	6/1/2019
Skid Loader		4/23/2015	47,373	4/23/2019
Special Ed Bus	3.15%	8/11/2014	146,406	8/15/2017
Passenger Bus	3.15%	9/12/2014	160,058	7/15/2017
Pool Project	2.45%	8/27/2015	1,500,000	8/1/2025
Sports Lighting Project	2.99%	2/4/2016	270,794	9/9/2018
Special Ed Suburban	3.15%	3/2/2016	115,187	7/1/2018
Thomas Bus	3.25%	9/7/2016	92,654	7/1/2019

Balance

Changes in long-term debt liabilities for the District for the year ended June 30, 2018, were as follows:

<u>Issue</u>	<u>Year</u>	<u>Additions</u>	<u>Payments</u>	<u>Change</u>	<u>Year</u>	<u>Expense</u>
G. O. Bonds:						
Refunding Series 2005 B	580,000	0	580,000	(580,000)	0	15,225
Refunding Series 2012 A	8,910,000	0	150,000	(150,000)	8,760,000	183,393
Series 2013 A	3,965,000	0	310,000	(310,000)	3,655,000	122,616
G. O. Bonds Subtotal	13,455,000	0	1,040,000	(1,040,000)	12,415,000	321,234
Capital Leases:						
Ozone Equipment	36,488	0	17,944	(17,944)	18,544	933
Skid Loader	18,940	0	9,470	(9,470)	9,470	1,328
Special Ed. Bus	50,364	0	50,364	(50,364)	0	1,145
Passenger Bus	54,766	0	54,766	(54,766)	0	1,460
Pool Project	1,295,342	0	138,849	(138,849)	1,156,493	30,891
Sports Lighting Project	180,177	0	88,763	(88,763)	91,414	5,380
Special Ed. Suburban	76,378	0	37,589	(37,589)	38,789	2,439
Thomas Bus	62,392	0	0	0	62,392	0
Capital lease Subtotal	1,774,847	0	397,745	(397,745)	1,377,102	43,576
Total Long-Term Debt	\$ 15,229,847	\$ 0	\$ 1,437,745	\$ (1,437,745)	\$ 13,792,102	\$ 364,810

**Unified School District Number 367
Osawatimie, Kansas**

NOTES TO FINANCIAL STATEMENT
June 30, 2018

NOTE F. LONG-TERM DEBT - continued

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Principal					
G. O. bonds	\$ 1,075,000	\$ 1,095,000	\$ 1,115,000	\$ 1,140,000	\$ 1,160,000
Capital leases	<u>331,179</u>	<u>177,481</u>	<u>149,372</u>	<u>153,054</u>	<u>156,827</u>
Total principal	<u>1,406,179</u>	<u>1,272,481</u>	<u>1,264,372</u>	<u>1,293,054</u>	<u>1,316,827</u>
Interest					
G. O. bonds	340,243	318,542	296,443	273,893	250,893
Capital leases	<u>35,154</u>	<u>25,006</u>	<u>20,367</u>	<u>16,685</u>	<u>12,913</u>
Total interest	<u>375,397</u>	<u>343,548</u>	<u>316,810</u>	<u>290,578</u>	<u>263,806</u>
Total principal & interest	<u>\$ 1,781,576</u>	<u>\$ 1,616,029</u>	<u>\$ 1,581,182</u>	<u>\$ 1,583,632</u>	<u>\$ 1,580,633</u>

	<u>June 30,</u>		
	<u>2024-2028</u>	<u>2029-2030</u>	<u>Total</u>
Principal			
G. O. bonds	\$ 5,710,000	\$ 1,120,000	\$ 12,415,000
Capital leases	<u>409,189</u>	<u>0</u>	<u>1,377,102</u>
Total principal	<u>6,119,189</u>	<u>1,120,000</u>	<u>13,792,102</u>
Interest			
G. O. bonds	819,091	28,000	2,327,105
Capital leases	<u>15,160</u>	<u>0</u>	<u>125,285</u>
Total interest	<u>834,251</u>	<u>28,000</u>	<u>2,452,390</u>
Total principal & interest	<u>\$ 6,953,440</u>	<u>\$ 1,148,000</u>	<u>\$ 16,244,492</u>

The District is subject to statutes of the State of Kansas, which limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2018 the statutory limit for the District was \$6,907,641. The District currently exceeds this limit by \$5,507,359. The Kansas State Board of Education has granted a waiver from K.S.A. 79-5037 which allows the District to exceed its debt margin.

Unified School District Number 367
Osawatomie, Kansas

NOTES TO FINANCIAL STATEMENT

June 30, 2018

NOTE F. LONG-TERM DEBT – continued

Defeasance of Debt

The District has defeased certain outstanding debt obligations by placing the proceeds of bonds in a trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the District's financial statements. On June 30, 2018, the following outstanding bonds are considered defeased:

General Obligation Bond Series 2005 A	\$735,000
---------------------------------------	-----------

Operating Leases

The District has entered into operating lease agreements for the use of a Xerox machine, Mail machine, and an ice machine as allowed by state law.

Rental expense under these operating lease was as follows for the year ended June 30, 2018.

<u>Lease Description</u>	<u>Amount</u>
Xerox Machine	\$ 4,475
Mail Machine	4,139
Ice Machine	2,520
RICOH	<u>27,132</u>
 Total	 \$ <u>38,266</u>

Future lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2018	31,271
2019	31,271
2020	27,132
2021	<u>18,088</u>
 Total	 \$ <u>107,762</u>

NOTE G. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$689,886 subsequent to June 30, 2018 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2018.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE H. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk - 4 Year Olds	K.S.A. 72-6478	\$ 50,000
General Fund	At-Risk K-12	K.S.A. 72-6478	1,176,160
General Fund	Contingency Reserve	K.S.A. 72-6478	200,000
General Fund	Special Education	K.S.A. 72-6478	2,104,803
General Fund	Vocational Education	K.S.A. 72-6478	150,147
Supplemental General	Professional Development	K.S.A. 72-6478	21,000
Supplemental General	Parent Education	K.S.A. 72-6478	19,755
Supplemental General	Special Education	K.S.A. 72-6478	965,000
Supplemental General	At-Risk K-12	K.S.A. 72-6478	323,840
Supplemental General	Food Service	K.S.A. 72-6478	15,000
Contingency Reserve	Supplemental General	K.S.A. 72-6478	400,000

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2018, employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2013. There are currently two plans employees can choose from. For both plans, the District's contribution per employee is \$480 per month for a single policy, \$635 per month for employee plus spouse, \$635 per month for employee plus child, and \$740 per month for a family policy. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third party administrator acting on behalf of the District. The plan is documented by contractual agreement.

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Humana, a commercial insurer licensed or eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$60,000 and with aggregate stop-loss insurance at 90% of annualized expected claims.

Incurred but not reported claims: Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	Balance July 1, 2017	Claims	Payments	Balance June 30, 2018
Incurred but not reported claims	\$ 21,027	\$ 959,601	\$ 906,579	\$ 74,049

Other Post Employment Benefits: The District makes available to qualified retired employees an employer-sponsored group health care benefit plan upon written application filed with the Clerk of the District. The District payment toward the group health insurance cost for the retiree equals the amount paid on behalf of full time teachers of the District. Participation in the Retiree Group Health Insurance Plan is voluntary. The amount paid by the District for year ended June 30, 2018 was \$12,250.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

Health Insurance - continued

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Flexible Benefit Plan: The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently benefits offered through the Plan involve insurance coverage.

Compensated Absences: All full-time non-certified personnel receive five days vacation after a year of service and an additional day thereafter for each year of service with a maximum accumulation of 20 days. Upon retirement or leaving the District, the accumulated vacation pay is payable. At June 30, 2018, the District has not estimated the cost of accumulated vacation pay. The District's policy regarding sick pay permits employees to accumulate sick leave at the rate of one sick day per month up to a total accumulation of 130 days. An employee shall be paid \$50 per day for every sick day over 30 that he has accumulated at retirement. The cost of accumulated sick pay is not recorded until paid out. At June 30, 2018, the District has not estimated the cost of accumulated sick pay.

As of June 30, 2018, the estimated amount of liability for the vested portion of unused sick leave and accumulated vacation leave has not been calculated. Unpaid vacation and sick pay amounts are not accrued in the accompanying financial statements.

NOTE J. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description - The Unified School District Number 367, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERs website at <http://www.kpers.org> or by writing to KPERs (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions - K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. KPERs has multiple benefit structures and contribution rates depending on whether the employee is a KPERs 1, KPERs 2, or KPERs 3 member. KPERs 1 members are active and contributing members hired before July 1, 2009. KPERs 2 members were first employed in a covered position on or after July 1, 2009 and KPERs 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERs member-employee contribution rate of 6% of covered salary for KPERs 1, KPERs 2 and KPERs 3 members. Member contributions are withheld by their employer and paid to KPERs according to the provision of Section 414(h) of the Internal Revenue Code.

**Unified School District Number 367
Osawatomic, Kansas**

NOTES TO FINANCIAL STATEMENT
June 30, 2018

NOTE J. DEFINED BENEFIT PENSION PLAN - continued

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2017 with a 0% moratorium until June 30, 2018 for the Death and Disability Program) and the statutory contribution rate was 16.38% and 12.01%, respectively, for the fiscal year ended June 30, 2018. The actuarially determined contribution rate and the statutory contribution rate was 14.59% and 13.21%, respectively, for the fiscal year ended June 30, 2018.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contribution to KPERS were decreased by \$64,130,234 for the fiscal year June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contribution to KPERS were decreased by \$194,022,683 for the fiscal year June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$862,653 for the year ended June 30, 2018.

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported for KPERS was \$10,299,801. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2018. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at <http://www.kpers.org> or can be obtained as described above.

NOTE K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE L. OTHER INFORMATION

Reimbursed Expenses: The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2018**

NOTE L. OTHER INFORMATION – continued

Ad valorem tax revenues: The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20 and distributed to the District by January 20 to finance a portion of the current year's budget. The second half is due May 20 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

Contingencies: The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions which are specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2018.

Compliance with Kansas Statutes: The District has budget violations in its Adult Supplementary Fund and its Driver Training Fund. Kansas Reading Roadmap has a negative cash and unencumbered cash as of year-end, however there are grant funds not yet received to cover these deficits. Management is not aware of any other statutory violations for the period covered by the audit.

NOTE M. RECLASSIFICATIONS

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported cash balances.

NOTE N. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through March 30, 2019, the date the financial statements were available to be issued.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**Unified School District Number 367
Osawatomie, Kansas**

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
BUDGETED FUNDS ONLY
For Year Ended June 30, 2018

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Budget Credits</u>
General Funds			
General	\$ 9,379,648	\$ (73,337)	\$ 99,617
Supplemental general	3,357,600	0	0
Special Purpose Funds			
Adult education	85,500	0	0
Adult Supplementary	716,000	0	176,731
At risk - 4 year old	50,000	0	0
At risk - K-12	1,500,000	0	0
Capital outlay	918,295	0	0
Driver training	29,242	0	0
Food service	931,988	0	0
Professional development	44,041	0	0
Parent education program	20,000	0	0
Special education	3,650,000	0	0
KPERS special retirement contribution	919,176	0	0
Vocational education	162,953	0	0
Recreation Commission	135,000	0	0
Bond and Interest Funds			
Bond and interest	<u>1,410,818</u>	<u>0</u>	<u>0</u>
	\$ <u><u>23,310,261</u></u>	\$ <u><u>(73,337)</u></u>	\$ <u><u>276,348</u></u>

See Independent Auditor's Report.

Schedule 1

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 9,405,928	\$ 9,405,928	\$ 0
3,357,600	3,357,117	(483)
85,500	57,462	(28,038)
892,731	622,939	(269,792)
50,000	50,000	0
1,500,000	1,500,000	0
918,295	684,250	(234,045)
29,242	19,766	(9,476)
931,988	797,991	(133,997)
44,041	25,648	(18,393)
20,000	19,755	(245)
3,650,000	3,494,720	(155,280)
919,176	862,653	(56,523)
162,953	157,926	(5,027)
135,000	42,063	(92,937)
<u>1,410,818</u>	<u>1,361,234</u>	<u>(49,584)</u>
\$ <u><u>23,513,272</u></u>	\$ <u><u>22,459,452</u></u>	\$ <u><u>(1,053,820)</u></u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2a

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Reimbursed expenses	\$ 137,958	\$ 99,617	\$ 0	\$ 99,617
Other	33	0	0	0
State sources				
Equalization aid	7,146,514	7,185,894	7,223,614	(37,720)
Special education aid	1,975,627	2,119,935	2,156,034	(36,099)
KPERs aid	583,604	0	0	0
Total cash receipts	9,843,736	9,405,446	\$ 9,379,648	\$ 25,798
Expenditures				
Instruction				
Salaries	2,584,577	2,709,335	\$ 2,335,752	\$ 373,583
Employee benefits	749,083	419,053	700,000	(280,947)
Other purchased services	124	4,088	0	4,088
Supplies	166,170	284,420	110,000	174,420
Other	0	0	24,466	(24,466)
Student support services				
Salaries	284,231	328,125	174,000	154,125
Employee benefits	49,970	29,426	39,500	(10,074)
Supplies	2,050	28,215	2,000	26,215
Instruction support staff				
Salaries	92,600	54,549	64,000	(9,451)
Employee benefits	25,350	7,317	23,231	(15,914)
Supplies	11,894	18,012	15,000	3,012
General administration				
Salaries	304,245	317,921	311,000	6,921
Employee benefits	188,217	67,240	54,500	12,740
Purchased professional services	185,603	211,176	150,000	61,176
Other purchased services	120,351	185,862	250,000	(64,138)
Communications	0	0	12,500	(12,500)
Other	0	0	1,000	(1,000)
Supplies	2,519	41,983	2,000	39,983
School administration				
Salaries	519,120	574,844	543,000	31,844
Employee benefits	97,105	59,043	97,103	(38,060)
Supplies	1,136	82,249	2,000	80,249

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2a

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For Year Ended June 30, 2018

(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Expenditures (continued)				
Other support services				
Salaries	\$ 121,711	\$ 125,736	\$ 126,000	\$ (264)
Employee benefits	21,973	10,414	22,995	(12,581)
Other purchased services	365	2,232	500	1,732
Supplies	1,968	12,909	2,000	10,909
Student activities	364,516	74,445	0	74,445
Operations and Maintenance (Trans)				
Purchased property services	40,675	56,469	34,000	22,469
Property (Equip)	0	0	52,067	(52,067)
Operating transfers				
Special education	1,800,839	2,104,803	2,156,034	(51,231)
At Risk (K-12)	1,350,000	1,176,160	1,500,000	(323,840)
At Risk (4 yr. old)	48,420	50,000	50,000	0
Capital outlay	98	0	0	0
Food Service	3,000	0	0	0
Vocational education	122,222	150,147	150,000	147
KPERs	583,604	0	0	0
Contingency Reserve	0	200,000	375,000	(175,000)
Parent Ed	0	19,755	0	19,755
Adjustment to comply with				
legal maximum	0	0	(73,337)	73,337
Legal general fund budget & expenditures	<u>9,843,736</u>	<u>9,405,928</u>	<u>9,306,311</u>	<u>99,617</u>
Adjustments for qualifying				
budget credits	<u>0</u>	<u>0</u>	<u>99,617</u>	<u>(99,617)</u>
Total expenditures	<u>9,843,736</u>	<u>9,405,928</u>	<u>\$ 9,405,928</u>	<u>\$ 0</u>
Receipts over (under) expenditures	0	(482)		
Unencumbered cash (deficit), July 1	0	510		
Prior year cancelled purchase orders	<u>510</u>	<u>0</u>		
Unencumbered cash (deficit), June 30	<u>\$ 510</u>	<u>\$ 28</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2b

SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 955,489	\$ 837,106	\$ 36,804	\$ 800,302
Delinquent	45,438	35,810	14,905	20,905
County sources				
Motor vehicle	112,782	121,654	114,117	7,537
Recreational Vehicle	0	2,697	3,942	(1,245)
Commercial Vehicle	0	0	3,031	(3,031)
State sources				
Supplemental State Aid	1,941,500	1,894,870	1,894,870	0
Operating transfers				
Contingency Reserve	0	400,000	480,000	(80,000)
Total cash receipts	<u>3,055,209</u>	<u>3,292,137</u>	<u>\$ 2,547,669</u>	<u>\$ 744,468</u>
Expenditures				
Instruction				
Salaries	0	0	\$ 298,567	\$ (298,567)
Property	98,612	159,838	56,809	103,029
General administration				
Purchased professional services	2,184	2,477	0	2,477
Operations and maintenance				
Salaries	525,516	530,348	545,000	(14,652)
Employee benefits	99,301	80,189	102,289	(22,100)
Purchased professional services	197,190	65	100,000	(99,935)
Purchased property services	71,406	215,107	75,000	140,107
Supplies	184,836	693,186	150,000	543,186
Energy	429,745	0	445,000	(445,000)
Property (Equip)	0	29,400	18,387	11,013
Student transportation services				
Supervisor salaries	40,681	31,155	45,000	(13,845)
Employee benefits	0	5,771	0	5,771
Equipment	0	0	1,000	(1,000)
Vehicle operating services				
Salaries	164,109	169,354	170,000	(646)
Employee benefits	0	24,220	0	24,220
Motor fuel	36,527	0	40,000	(40,000)
Equipment	56,668	0	60,000	(60,000)
Supplies	24,046	38,670	25,000	13,670
Other	0	16,797	0	16,797

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2b

SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	2017	2018		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)	Actual	Actual	Budget	
Vehicle services & maintenance services				
Purchased professional services	\$ 3,000	\$ 7,018	\$ 0	\$ 7,018
Supplies	34,747	28,682	0	28,682
Operating transfers				
Special education	989,231	965,000	1,176,241	(211,241)
Parent education program	19,755	0	20,000	(20,000)
Professional development	22,115	21,000	30,000	(9,000)
Vocational education	2,722	0	0	0
At risk k-12	526	323,840	0	323,840
Food service	25,000	15,000	25,000	(10,000)
Adjustment to comply with legal maximum	<u>0</u>	<u>0</u>	<u>(25,693)</u>	<u>25,693</u>
 Legal general fund budget & expenditures	 <u>3,027,917</u>	 <u>3,357,117</u>	 <u>\$ 3,357,600</u>	 <u>\$ (483)</u>
 Receipts over (under) expenditures	 27,292	 (64,980)		
 Unencumbered cash, July 1	 37,624	 64,980		
 Prior year cancelled purchase orders	 <u>64</u>	 <u>0</u>		
 Unencumbered cash, June 30	 <u>\$ 64,980</u>	 <u>\$ 0</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
Adult basic aid	\$ 78,426	\$ 58,161	\$ 85,500	\$ (27,339)
Total cash receipts	<u>78,426</u>	<u>58,161</u>	<u>\$ 85,500</u>	<u>\$ (27,339)</u>
Expenditures				
Instruction				
Salaries	36,109	43,265	\$ 37,000	\$ 6,265
Employee benefits	15,958	9,491	19,100	(9,609)
Other purchased services	3,112	422	2,000	(1,578)
Supplies	0	260	2,000	(1,740)
Student support services				
Salaries	23,227	3,738	24,400	(20,662)
Employee benefits	0	286	0	286
Supplies	20	0	0	0
Other	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>(1,000)</u>
Total expenditures	<u>78,426</u>	<u>57,462</u>	<u>\$ 85,500</u>	<u>\$ (28,038)</u>
Receipts over (under) expenditures	0	699		
Unencumbered cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 699</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Tuition and program fees	\$ 620,142	\$ 447,267	\$ 675,000	\$ (227,733)
Interest on idle funds	0	451	0	451
Miscellaneous	2,177	176,731	75,000	101,731
Total cash receipts	622,319	624,449	\$ 750,000	\$ (125,551)
Expenditures				
Instruction				
Salaries	242,840	202,057	\$ 260,000	\$ (57,943)
Employee benefits	0	15,834	0	15,834
Purchased professional and technical	37,380	23,388	55,000	(31,612)
Other purchased services	38,332	29,799	41,000	(11,201)
Supplies	44,290	56,031	40,000	16,031
Equipment	3,011	2,310	20,000	(17,690)
Other	(2,390)	99	2,000	(1,901)
Student support services				
Salaries	101,580	98,931	110,000	(11,069)
Employee benefits	48,633	8,097	41,000	(32,903)
Other purchased services	1,095	944	2,000	(1,056)
Supplies	9,692	16,216	10,000	6,216
Property	0	620	0	620
Instructional Support Staff				
Salaries	126,696	154,201	135,000	19,201
Benefits	(1,686)	13,231	0	13,231
School Administration				
Property	0	1,181	0	1,181
Total expenditures before credits	649,473	622,939	716,000	(93,061)
Adjustments for qualifying budget credits				
	0	0	176,731	(176,731)
Total expenditures	649,473	622,939	\$ 892,731	\$ (269,792)
Receipts over (under) expenditures	(27,154)	1,510		
Unencumbered cash, July 1	28,920	1,886		
Prior year cancelled purchase orders	120	0		
Unencumbered cash, June 30	\$ 1,886	\$ 3,396		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK - 4 YEAR OLD FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General	\$ 48,420	\$ 50,000	\$ 50,000	\$ 0
Expenditures				
Instruction				
Salaries	45,504	39,319	\$ 47,000	\$ (7,681)
Employee benefits	2,916	10,681	3,000	7,681
Total expenditures	48,420	50,000	\$ 50,000	\$ 0
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2f

SPECIAL PURPOSE FUNDS
AT RISK - K-12 FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General	\$ 1,350,000	\$ 1,176,160	\$ 1,500,000	\$ (323,840)
Supplemental general	526	323,840	0	323,840
	<u>1,350,526</u>	<u>1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 0</u>
Total cash receipts				
	<u>1,350,526</u>	<u>1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 0</u>
Expenditures				
Instruction				
Salaries	1,233,049	1,302,432	\$ 1,379,000	\$ (76,568)
Employee Benefits	89,368	106,738	91,000	15,738
Purchased professional services	11,902	11,512	12,250	(738)
Other purchased services	0	3,958	0	3,958
Supplies	16,207	75,358	17,750	57,608
General Administration				
Purchased professional services	0	2	0	2
	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Total expenditures				
	<u>1,350,526</u>	<u>1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 0</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2g

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparitive Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad Valorem property	\$ 380,169	\$ 356,461	\$ 353,673	\$ 2,788
Delinquent	11,300	13,255	5,924	7,331
Motor vehicle	47,996	46,745	44,894	1,851
Recreational Vehicle	0	1,071	1,551	(480)
Commercial Vehicle	0	1,154	1,192	(38)
Idle Funds Interest	27,254	7,256	0	7,256
Other Revenue	102,067	4,950	100,000	(95,050)
State sources				
State aid	216,096	207,910	208,486	(576)
Operating transfers				
General	98	0	0	0
Total cash receipts	784,980	638,802	\$ 715,720	\$ (76,918)
Expenditures				
Instruction				
Property	33,772	58,776	\$ 80,000	\$ (21,224)
Student support services				
Property	124,915	0	133,866	(133,866)
Instr Support Staff				
Property	0	0	54,000	(54,000)
General administration				
Property	0	0	125,000	(125,000)
Central Services				
Other Expense	0	405	0	405
Operations and maintenance				
Purchased Property Services	0	614,236	75,429	538,807
Property	317,535	10,797	450,000	(439,203)
Other support services				
Equipment	57,505	36	0	36
Facility acquisition & construction				
Site improvement	346,700	0	0	0
Total expenditures	880,427	684,250	\$ 918,295	\$ (234,045)
Receipts over (under) expenditures	(95,447)	(45,448)		
Unencumbered cash, July 1	390,300	294,853		
Unencumbered cash, June 30	\$ 294,853	\$ 249,405		

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**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2h

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other Revenue	\$ 9,030	\$ 12,584	\$ 15,000	\$ (2,416)
State sources				
State safety aid	<u>6,272</u>	<u>7,027</u>	<u>10,500</u>	<u>(3,473)</u>
Total cash receipts	<u>15,302</u>	<u>19,611</u>	<u>\$ 25,500</u>	<u>\$ (5,889)</u>
Expenditures				
Instruction				
Salaries	16,450	10,125	\$ 18,642	\$ (8,517)
Employee benefits	11	1,111	100	1,011
Supplies	9,758	7,280	10,500	(3,220)
Vehicle operations and maintenance				
Motor fuel	<u>972</u>	<u>1,250</u>	<u>0</u>	<u>1,250</u>
Total expenditures	<u>27,191</u>	<u>19,766</u>	<u>\$ 29,242</u>	<u>\$ (9,476)</u>
Receipts over (under) expenditures	(11,889)	(155)		
Unencumbered cash, July 1	<u>15,121</u>	<u>3,232</u>		
Unencumbered cash, June 30	<u>\$ 3,232</u>	<u>\$ 3,077</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2i

SPECIAL PURPOSE FUNDS
FOOD SERVICES
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Student receipts lunch & breakfast	\$ 135,305	\$ 136,651	\$ 141,249	\$ (4,598)
Adult and student sales	18,220	28,812	134,025	(105,213)
Miscellaneous	43,837	30,795	100,000	(69,205)
State sources				
Equalization aid	6,777	6,883	5,666	1,217
Federal sources				
Child nutrition programs	568,118	582,792	522,910	59,882
Operating transfers				
General	3,000	0	0	0
Supplemental General	25,000	15,000	25,000	(10,000)
Total cash receipts	<u>800,257</u>	<u>800,933</u>	<u>\$ 928,850</u>	<u>\$ (127,917)</u>
Expenditures				
Operations & Maintenance				
Purchased property services	0	6,401	\$ 15,000	\$ (8,599)
Supplies	0	73	0	73
Food service operation				
Salaries	302,291	334,534	335,988	(1,454)
Employee benefits	73,898	70,912	81,000	(10,088)
Other purchased services	0	737	0	737
Supplies	420,176	383,604	490,000	(106,396)
Repairs and maintenance	6,470	0	0	0
Property	6,842	1,730	10,000	(8,270)
Total expenditures	<u>809,677</u>	<u>797,991</u>	<u>\$ 931,988</u>	<u>\$ (133,997)</u>
Receipts over (under) expenditures	(9,420)	2,942		
Unencumbered cash, July 1	<u>12,557</u>	<u>3,137</u>		
Unencumbered cash, June 30	<u>\$ 3,137</u>	<u>\$ 6,079</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2j

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparitive Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local Sources				
Other Reimbursements	\$ 0	\$ 2,957	\$ 3,250	\$ (293)
Operating transfers				
Supplemental general	22,115	21,000	30,000	(9,000)
Total cash receipts	22,115	23,957	33,250	(9,293)
Expenditures				
Instruction support staff				
Purchased professional services	3,553	5,690	\$ 5,600	\$ 90
Other purchased services	14,367	19,363	22,000	(2,637)
Supplies	9,066	595	16,441	(15,846)
Total expenditures	26,986	25,648	\$ 44,041	\$ (18,393)
Receipts over (under) expenditures	(4,871)	(1,691)		
Unencumbered cash, July 1	15,662	10,791		
Prior year cancelled purchase orders	0	0		
Unencumbered cash, June 30	\$ 10,791	\$ 9,100		

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**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2k

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		<u>2018</u>		
	<u>2017</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Over</u>
				<u>(Under)</u>
Cash Receipts				
Operating transfers				
Supplemental general	\$ 19,755	\$ 19,755	\$ 20,000	\$ (245)
Expenditures				
Student support services				
Other purchased services	19,755	19,755	\$ 20,000	\$ (245)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2I

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local Sources				
Other	\$ 297,244	\$ 383,602	\$ 325,000	\$ 58,602
Operating transfers				
General	1,800,839	2,104,803	2,156,034	(51,231)
Supplemental general	989,231	965,000	1,176,241	(211,241)
Total cash receipts	<u>3,087,314</u>	<u>3,453,405</u>	<u>\$ 3,657,275</u>	<u>\$ (203,870)</u>
Expenditures				
Instruction				
Salaries	42,028	78,122	\$ 40,000	\$ 38,122
Employee benefits	14,264	5,527	20,000	(14,473)
Payments to Special Education COOP	2,735,202	3,122,401	3,225,000	(102,599)
Supplies	21,664	37,093	40,000	(2,907)
Supervision				
Salaries	0	0	200,000	(200,000)
Vehicle operating services				
Salaries	187,927	124,484	0	124,484
Employee benefits	0	9,523	0	9,523
Other purchased services	51,972	0	100,000	(100,000)
Motor fuel	17,475	21,342	25,000	(3,658)
Equipment	0	96,228	0	96,228
Other	32,746	0	0	0
Total expenditures	<u>3,103,278</u>	<u>3,494,720</u>	<u>\$ 3,650,000</u>	<u>\$ (155,280)</u>
Receipts over (under) expenditures	(15,964)	(41,315)		
Unencumbered cash, July 1	<u>205,365</u>	<u>189,401</u>		
Unencumbered cash, June 30	<u>\$ 189,401</u>	<u>\$ 148,086</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2m

SPECIAL PURPOSE FUNDS
KPERs SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
KPERs	\$ 0	\$ 862,653	\$ 919,176	\$ (56,523)
General	583,604	0	0	0
Total cash receipts	583,604	862,653	<u>919,176</u>	<u>(56,523)</u>
Expenditures				
Instruction				
Employee benefits	405,283	598,681	\$ 629,507	\$ (30,826)
Student support				
Employee benefits	34,956	51,759	42,900	8,859
Instructional support				
Employee benefits	11,508	17,253	20,712	(3,459)
General administration				
Employee benefits	24,206	35,369	43,570	(8,201)
School administration				
Employee benefits	31,322	46,583	56,385	(9,802)
Other supplemental services				
Employee benefits	9,043	12,940	16,275	(3,335)
Operations and maintenance				
Employee benefits	36,690	54,347	46,240	8,107
Student transportation services				
Employee benefits	12,157	18,116	21,886	(3,770)
Other Support Services				
Employee benefits	0	0	25,100	(25,100)
Food services				
Employee benefits	18,439	27,605	16,601	11,004
Total expenditures	583,604	862,653	<u>919,176</u>	<u>(56,523)</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

See Independent Auditor's Report

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Schedule 2n

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
State Aid	\$ 12,884	\$ 7,926	\$ 12,953	\$ (5,027)
Miscellaneous	344	0	0	0
Operating transfers				
General	122,222	150,147	150,000	147
Supplemental general	2,722	0	0	0
Total cash receipts	<u>138,172</u>	<u>158,073</u>	<u>\$ 162,953</u>	<u>\$ (4,880)</u>
Expenditures				
Instruction support staff				
Salaries	103,504	103,604	\$ 132,000	\$ (28,396)
Employee benefits	8,964	24,349	20,000	4,349
Purchased professional services	8,980	9,134	10,953	(1,819)
Other purchased services	0	9,692	0	9,692
Student transportation services				
Salaries	16,380	10,355	0	10,355
Employee benefits	0	792	0	792
Total expenditures	<u>137,828</u>	<u>157,926</u>	<u>\$ 162,953</u>	<u>\$ (5,027)</u>
Receipts over (under) expenditures	344	147		
Unencumbered cash, July 1	<u>0</u>	<u>344</u>		
Unencumbered cash, June 30	<u>\$ 344</u>	<u>\$ 491</u>		

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Schedule 2o

SPECIAL PURPOSE FUNDS
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Local sources		
Donations	\$ <u>302,868</u>	\$ <u>280,262</u>
Total cash receipts	<u>302,868</u>	<u>280,262</u>
Expenditures		
General administration		
Supplies	<u>317,165</u>	<u>225,056</u>
Receipts over (under) expenditures	(14,297)	55,206
Unencumbered cash, July 1	<u>37,839</u>	<u>23,542</u>
Unencumbered cash, June 30	\$ <u><u>23,542</u></u>	\$ <u><u>78,748</u></u>

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**Unified School District Number 367
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Schedule 2p

SPECIAL PURPOSE FUNDS
CARL PERKINS GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
State sources		
Grants	\$ 1,550	\$ 0
Local sources		
Reimbursements	<u>11,315</u>	<u>10,428</u>
Total Receipts	12,865	10,428
Expenditures		
Instruction		
Salaries	3,000	0
Professional development	0	985
Supplies	<u>9,865</u>	<u>9,443</u>
Total expenditures	<u>12,865</u>	<u>10,428</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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**Unified School District Number 367
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Schedule 2g

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Operating transfers		
General	\$ 0	\$ 200,000
Expenditures		
Operating transfers		
Supplemental General	0	400,000
Receipts over (under) expenditures	0	(200,000)
Unencumbered cash, July 1	<u>200,000</u>	<u>200,000</u>
Unencumbered cash, June 30	<u>\$ 200,000</u>	<u>\$ 0</u>

See Independent Auditor's Report.

**Unified School District Number 367
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Schedule 2r

SPECIAL PURPOSE FUNDS
TEXTBOOK & STUDENT MATERIALS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Local sources		
Fees	\$ 46,322	\$ 50,986
Total Receipts	46,322	50,986
Expenditures		
Instruction		
Supplies	48,709	50,839
Support Services		
Supplies	<u>0</u>	<u>120</u>
Total expenditures	<u>48,709</u>	<u>50,959</u>
Receipts over (under) expenditures	(2,387)	27
Unencumbered cash, July 1	<u>2,559</u>	<u>172</u>
Unencumbered cash, June 30	\$ <u><u>172</u></u>	\$ <u><u>199</u></u>

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**Unified School District Number 367
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Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE I
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Federal sources		
Grants	\$ 325,805	\$ 344,549
Expenditures		
Instruction		
Salaries	266,342	299,443
Employee benefits	19,312	36,221
Purchased professional services	26,623	4,901
Supplies	11,877	3,984
Other Purchased Services	1,651	0
Total expenditures	<u>325,805</u>	<u>344,549</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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Schedule 2t

SPECIAL PURPOSE FUNDS
TITLE II A - TEACHER QUALITY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Federal sources		
Grants	\$ <u>61,751</u>	\$ <u>45,303</u>
Expenditures		
Instruction		
Salaries	56,365	35,391
Employee benefits	<u>5,386</u>	<u>9,912</u>
Total expenditures	<u>61,751</u>	<u>45,303</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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**Unified School District Number 367
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Schedule 2u

SPECIAL PURPOSE FUNDS
RECREATION COMMISSION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	2017 Actual	2018		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Local sources				
Ad valorem property	\$ 47,369	\$ 44,506	\$ 44,274	\$ 232
Delinquent	1,044	1,332	740	592
Other	0	105	87,500	(87,395)
County sources				
Recreational Vehicle	0	132	194	(62)
Commercial Vehicle	0	144	149	(5)
Motor Vehicle Taxes	2,343	5,722	5,608	114
Total cash receipts	<u>50,756</u>	<u>51,941</u>	<u>\$ 138,465</u>	<u>\$ (86,524)</u>
Expenditures				
Community service operation				
Community services operations	<u>50,756</u>	<u>42,063</u>	<u>\$ 135,000</u>	<u>\$ (92,937)</u>
Total expenditures	<u>50,756</u>	<u>42,063</u>	<u>\$ 135,000</u>	<u>\$ (92,937)</u>
Receipts over (under) expenditures	0	9,878		
Unencumbered cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 9,878</u>		

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Osawatomie, Kansas**

Schedule 2v

SPECIAL PURPOSE FUNDS
KANSAS READING ROADMAP
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
State sources		
Grants	\$ 147,818	\$ 27,110
Total cash receipts	<u>147,818</u>	<u>27,110</u>
Expenditures		
Instruction		
Salaries	128,362	21,481
Employee benefits	9,681	1,643
Purchased professional services	0	0
Other Purchased Services	7,655	0
Supplies	<u>9,597</u>	<u>1,714</u>
Total expenditures	<u>155,295</u>	<u>24,838</u>
Receipts over (under) expenditures	(7,477)	2,272
Unencumbered cash, July 1	<u>5,205</u>	<u>(2,272)</u>
Unencumbered cash, June 30	\$ <u><u>(2,272)</u></u>	\$ <u><u>0</u></u>

See Independent Auditor's Report

Unified School District Number 367
Osawatomie, Kansas

Schedule 2w

BOND AND INTEREST FUNDS
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 540,840	\$ 567,779	\$ 541,520	\$ 26,259
Delinquent	27,103	21,669	8,442	13,227
Other	0	2,629	0	2,629
County sources				
Motor vehicle	77,223	64,506	63,035	1,471
Recreational Vehicle	0	1,493	2,178	(685)
Commercial Vehicle	0	1,644	1,674	(30)
State sources				
Equalization aid	779,332	790,058	790,058	0
Total cash receipts	<u>1,424,498</u>	<u>1,449,778</u>	<u>\$ 1,406,907</u>	<u>\$ 42,871</u>
Expenditures				
Debt service				
Bond principal	1,010,000	1,040,000	\$ 1,040,000	\$ 0
Interest	<u>406,968</u>	<u>321,234</u>	<u>370,818</u>	<u>(49,584)</u>
Total expenditures	<u>1,416,968</u>	<u>1,361,234</u>	<u>\$ 1,410,818</u>	<u>\$ (49,584)</u>
Receipts over (under) expenditures	7,530	88,544		
Unencumbered cash, July 1	<u>727,114</u>	<u>734,644</u>		
Unencumbered cash, June 30	<u>\$ 734,644</u>	<u>\$ 823,188</u>		

See Independent Auditor's Report

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2x

CAPITAL PROJECTS FUNDS
CONSTRUCTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Local Sources		
Loan Proceeds	\$ 0	\$ 0
Interest	<u>146</u>	<u>0</u>
Total cash receipts	<u>146</u>	<u>0</u>
 Expenditures		
Facility acquisition and construction services		
Miscellaneous	<u>146</u>	<u>0</u>
Total expenditures	<u>146</u>	<u>0</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Auditor's Report

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2y

BUSINESS FUNDS
HEALTH INSURANCE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2018
(With Comparative Actual totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Cash Receipts		
Other		
Premiums	\$ 916,136	\$ 970,888
Expenditures		
Claims and administrative services	<u>914,367</u>	<u>980,628</u>
Receipts over (under) expenditures	1,769	(9,740)
Unencumbered cash, July 1	<u>421,412</u>	<u>423,181</u>
Unencumbered cash, June 30	<u><u>\$ 423,181</u></u>	<u><u>\$ 413,441</u></u>

See Independent Auditor's Report

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2z

TRUST FUNDS
SCHOLARSHIP FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2018

Expendable Scholarship Trust Funds	Balance Beginning of year	Gifts, Interest & Principal	Scholarship Disbursements	Balance End of year
Carter Development Fund	\$ 16,429	\$ (291)	\$ 400	\$ 15,738
K. R. Johnson Scholarship	2,565	(486)	500	1,579
Rae Lynn Jones Scholarship	2,280	(23)	600	1,657
Twin Rivers Jazz Band Scholarship	13,479	(236)	500	12,743
USD 367 Food Service Scholarship	9,834	(166)	1,000	8,668
Mac Steele Scholarship	5,263	(107)	350	4,806
Slayman/Elks School	274	3	250	27
Nadine Weber Memorial Scholarship	10,822	(199)	1,000	9,623
Silas/Hattie Whiteford Trust Scholarship	91,286	0	0	91,286
Whiteford Education Foundation	4,012	(73)	0	3,939
Hawkins Scholarship	62,184	(1,822)	1,000	59,362
Cindy Schwarz Scholarship	(114)	17	500	(597)
Osawatomie VFW Scholarship	13,006	(220)	750	12,036
Class of 1974	8,002	(128)	1,000	6,874
Anon Demolay	1,061	(13)	200	848
Julie Taylor Scholarship	1,680	(84)	500	1,096
Derrick Jensen	4156	436	500	4,092

**Total Expendable Scholarship
Trust Funds**

\$ 246,219	\$ (3,392)	\$ 9,050	\$ 233,777
------------	------------	----------	------------

Permanent Scholarship Trust Funds	Balance Beginning of year	Gifts, Interest & Principal	Scholarship Disbursements	Balance End of year
Architecture Engineer Scholarship	\$ 63,335	\$ (1,115)	\$ 2,000	\$ 60,220
Appenfeller Memorial Scholarship	11,086	(193)	500	10,393
Harold D Barnhart Memorial Scholarship	66,723	1,366	2,000	66,089
H. Dean Brown Memorial Scholarship	1,088	(22)	500	566
Sarah Ingle	0	94	300	(206)
Marie Cherry Scholarship	7,696	15	7,711	0
William & Nadine Eddy Scholarship	14,311	(254)	300	13,757
George & Ann Graham Scholarship	79,272	1,286	1,000	79,558
Lois Hanna Kinkead Memorial Scholarship	26,935	(480)	500	25,955
Roy & Mary McDaniel Scholarship	14,165	226	200	14,191
John Vasquez Memorial Scholarship	24,561	(452)	1,000	23,109
VFW Auxiliary Scholarship	4,238	(71)	200	3,967
Robert J. Wagers Memorial Scholarship	47,476	(853)	450	46,173
Bruce Waggoner Memorial Scholarship	21,326	63	500	20,889
Bertha & Irvin Walter Memorial Scholarship	14,002	228	150	14,080
Andrew Workman Scholarship	14,435	(253)	275	13,907
ONEA Teacher Scholarship	2,502	3,085	4,000	1,587
Melvin Stockwell Scholarship	20,381	(361)	500	19,520
Cavinee Scholarship	26,103	(472)	250	25,381

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2z

TRUST FUNDS
SCHOLARSHIP FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2018

Permanent Scholarship Trust Funds	Balance Beginning of year	Gifts, Interest & Principal	Scholarship Disbursements	Balance End of year
John/Arlene Shaw	\$ 74,485	\$ (1,333)	1,000	\$ 72,152
Rotary Archie Parks Scholarship	38,787	593	1,000	38,380
Marilyn Winegar Scholarship	12,981	(242)	500	12,239
ONEA Teachers Scholarship	15,348	0	0	15,348
Royce Bray Scholarship	624,933	(11,159)	10,000	603,774
Lurene Swenson Memorial Scholarship	4,724	(86)	0	4,638
Dick Booe Scholarship	3,399	(52)	600	2,747
Zakoura Scholarship	0	0	0	0
Partners in Education	14,741	(251)	1,000	13,490
Frank & Rosie Bowker	3,157	(64)	1,500	1,593
Robert Kitchen Memorial	2,435	(44)	0	2,391
Joe Fenoughty	853	(11)	300	542
Lambert-Goodwin	55,885	(1,011)	500	54,374
Dustin Eaks	3,275	(56)	1,000	2,219
Total Permanent Scholarship Trust Funds	\$ 1,314,638	\$ (11,879)	\$ 39,736	\$ 1,263,023
Total Trust Funds	\$ 1,560,857	\$ (15,271)	\$ 48,786	\$ 1,496,800

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 3

AGENCY FUNDS
SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES
For the Year Ended June 30, 2018

<u>Fund</u>	<u>Balance Beginning of Year</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance End of year</u>
Student Organization Accounts				
O.H.S. Concessions	\$ 247	\$ 17,952	\$ 18,199	\$ 0
Catering Club	1,184	264	135	1,313
Elementary Yearbook Club	1,338	4,360	5,332	366
Yearbook Club O.H.S.	2,392	7,092	8,004	1,480
Yearbook Club O.M.S.	398	2,169	1,782	785
Journalism Club	3,109	0	260	2,849
Washington DC Club	12,338	88,385	86,287	14,436
Fellowship Christian Athletes	193	0	36	157
Art Club	243	681	751	173
O.M.S. Concessions	5,532	5,976	6,051	5,457
Lady Trojan Basketball	413	81	473	21
BB Club O.H.S.	947	875	875	947
Band Club O.H.S.	997	3,191	1,668	2,520
O.M.S. Band	1,730	4,368	5,894	204
O.M.S. Cheerleaders	420	170	100	490
Choir O.H.S.	1,565	5,035	5,433	1,167
Class of 2014	1,796	0	1,796	0
Class of 2018	1,662	1,698	3,063	297
Class of 2019	0	3,080	1,594	1,486
Class of 2020	957	260	22	1,195
Class of 2021	386	211	17	580
Class of 2022	0	337	0	337
Trojan Faculty Club	316	452	8	760
Faculty Club O.H.S.	2	0	0	2
FCCLA	36	200	29	207
O.M.S. Ambassadors	1,968	826	1,001	1,793
O.M.S. Reading Club	231	0	0	231
O.H.S. Kays	3,295	11,952	11,491	3,756
O.H.S. STUCO	1,280	7,878	7,359	1,799
O.H.S. Science Club	34,074	41,996	56,365	19,705
O.H.S. STAC	2,514	631	3,055	90
O.M.S. Faculty Club	20	0	0	20
O.M.S. STAC	4,775	17,028	19,280	2,523
2nd Grade Economics	157	370	327	200
Spanish Club	9,340	15,142	21,511	2,971
Swenson School STAC	5,521	3,284	2,712	6,093
Swenson School Faculty Club	282	0	99	183
O.H.S. Flag Corps	330	0	6	324

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomic, Kansas**

Schedule 3

AGENCY FUNDS
SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2018

<u>Fund</u>	<u>Balance Beginning of Year</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance End of year</u>
Student Organization Accounts - continued				
O.M.S. Drama Club	\$ 104	\$ 0	\$ 50	\$ 54
SADD Club	930	800	358	1,372
O.M.S. SADD	10	591	318	283
After Prom	2,425	13,896	11,189	5,132
OHS Spirit Squad	2,831	14,724	16,816	739
Trojan STAC	595	11,537	11,941	191
Adult Ed Vending	716	0	0	716
Technology Club	638	2,922	3,560	0
FFA Club	2,716	7,155	8,073	1,798
Baseball Club	5	0	0	5
Wrestling Club	45	0	0	45
Watch D.O.G.S.	55	20	24	51
Football Club	2,501	0	732	1,769
Softball Club	204	4,432	4,482	154
Cross Country Club	23	194	218	0
High School Track Club	97	0	97	0
Weightlifting Club	148	0	148	0
HS Volleyball Club	1,036	442	532	946
Oz Envy Club	7,174	28,782	21,076	14,880
Ladies Swim Club	367	584	785	166
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ <u>124,608</u>	\$ <u>332,023</u>	\$ <u>351,414</u>	\$ <u>105,218</u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomic, Kansas**

Schedule 4

DISTRICT ACTIVITY FUNDS

CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES
For the Year Ended June 30, 2018

<u>Fund</u>	<u>Balance Beginning of Year</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance End of Year</u>
Fees and User Charges				
Sales Tax	\$ 26	\$ 11,083	\$ 11,083	\$ 26
Board of Education	0	5	0	5
C/A Book Rental	0	41,429	41,388	41
C/A Ind Arts Club O.H.S.	0	1,173	134	1,039
C/A Now Account	55	816	0	871
	<u>81</u>	<u>54,506</u>	<u>52,605</u>	<u>1,982</u>
Gate Receipts				
Athletics	340	34,273	34,613	0
	<u>340</u>	<u>34,273</u>	<u>34,613</u>	<u>0</u>
 Total all Schools	 \$ <u>421</u>	 \$ <u>88,779</u>	 \$ <u>87,218</u>	 \$ <u>1,982</u>

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Grantor's Number	Program Revenue Amount	Program Expenditure Amount
<u>U.S. Department of Agriculture</u>				
<u>Pass Through Kansas Department of Education</u>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	\$ 178,734	\$ 178,734
National School Lunch Program (NSLP)	10.555	N/A	341,840	341,840
NSLP - Cash for Commodities	10.555	N/A	32,593	32,593
Summer Food Service Program for Child.	10.559	N/A	29,624	29,624
Total Child Nutrition Cluster			582,791	582,791
State Administrative Expense Funds	10.560	N/A	12,528	12,528
TOTAL DEPARTMENT OF AGRICULTURE			595,319	595,319
<u>U.S. Department of Education</u>				
<u>Pass Through Kansas Department of Education</u>				
Title I Grants	84.010	DO367	309,967	309,967
Small Rural Schools Achievenebt Alternative				
Uses of Funds Program	84.358	N/A	25,867	25,867
Improving Teacher Quality State Grants	84.367	DO367	45,303	45,303
Student Supprot & Academic				
Enrichment Program	84.424	N/A	8,715	8,715
TOTAL DEPARTMENT OF EDUCATION			389,852	389,852
			985,171	985,171
<u>U.S. Department of Education</u>				
<u>Pass Through Kansas Department of Education</u>				
Family Planning	93.217	N/A	150	150
TOTAL FEDERAL AWARDS			\$ 985,321	\$ 985,321

There were no amounts that were passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

See accompanying notes.

Unified School District Number 367
Osawatomie, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C. INDIRECT COST RATES

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SPECIAL REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Unified School district Number 367
Osawatomie, KS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Unified School District Number 367, Osawatomie, KS, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 20, 2018. The District prepares its financial statement on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

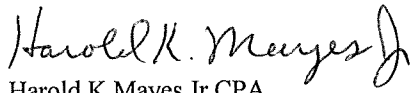
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Harold K. Mayes Jr." with a stylized flourish at the end.

Harold K Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
March 30, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Unified School district Number 367
Osawatomie, KS

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

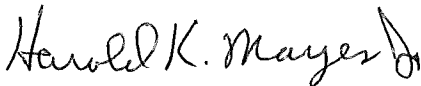
Report Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Harold K Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
March 30, 2019

**Unified School District Number 367
Osawatimie, Kansas**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2018**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited was prepared in accordance with GAAP: Adverse

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with regulatory basis: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
10.553,10.555, 10.559	Child Nutrition Cluster	\$582,791

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as a low-risk auditee? No

Prior Year Schedule of Findings and Questioned Costs **None**